
Leadership in the Moment of Decision



By Narayan Pant , INSEAD

Leaders collect vast amounts of knowledge, but if there is one area of expertise they must develop, it is the art of making the judgment call. Decision-making doesn't come from models, it comes from practice.

Darius was the head and part owner of a large Indian FMCG company. The company's share in the Indian market had started dwindling steadily with the arrival of global competitors in the late 1990s. Darius knew that his products were seen as crude with basic packaging and the only positioning they had was that they were cheap.

He knew he needed a more sophisticated understanding of market segments and he needed to create an understandable and compelling value proposition for his segments. Darius knew enough marketing to understand what was needed, but he was no expert. He was a finance guy through and through. So he hired a consulting firm to help make product-positioning choices. The firm worked closely with Darius over several months. After showing him the results of customer interviews, they worked with him to design segments, talked through activation strategies and presented a

detailed plan for creating and executing a marketing strategy for each of the products.

According to Darius, that was the easy part. The way he saw it, the decision to take action would always come down to a roll of the dice. He understood conceptually that the marketing principles on which the plans were built, in practice, explained limited amounts of the variance in the outcome he sought. He had all the data he could reasonably ask for. Now he had to make a choice.

Over the years I have worked with hundreds of people in Darius' position. Most of them frame their problems in very similar ways. 'I know what the data say and what the experts say they mean. I now have to make a choice. Do I go with the received wisdom or do I go with something else? And if so, what?'

Models outmoded

Much like Darius, many leaders are handed reams of models to help them make decisions. In consulting and even in business schools, there are models for everything; hiring a person, launching a product, entering a market, acquiring a company. But would you use a model if I told you it explained only 20 percent of the variance in success and failure? What about 5 percent? Our models explain maybe 10 percent, if we're lucky.

To be fair, this is not a bad thing. By following the model in a hiring process, we are significantly improving upon pure chance and nothing else we have tops the latest evidence-based model in beating chance. There's no doubt that you're better off knowing what little the models do explain than not knowing it. But there are very few serious leaders I have met or read about in the course of my career, who are willing to follow the dictates of any model without question. Outstanding leaders know how to complement evidence-based models with judgment.

Throughout my time in the classroom with senior executives it has become quite clear to me that my participants sought this expertise more than any other, the expertise of making the judgment call.

So how can you hone the skills of sound judgment? It turns out that the answer is simpler than you think. You develop expertise in making "the call" just as you would develop any other form of expertise. Above all, you

practice.

Learning how to learn

The literature on expertise is clear. If you teach people new models of expert behaviour, their performance might worsen. Teaching them to behave like other leaders doesn't work either. People can only learn like experts.

Therefore, how do I teach judgment? I focus on four areas:

1. Practice

If you want to become an expert tennis player, violinist, gymnast, you will practice. Why would it be any different for a leader who makes judgment calls? It isn't. But the problem with business leaders practicing in reality is that, well, it's real.

The best way to practice without making high stakes errors is with simulations. Business case studies are a great tool for this job. Of course, people who know case analysis in its conventional form spend more of their time trying to guess the point the professor wants to make, than trying to practice their decision-making ability. I ask managers to come equipped with data about their own situations so that they can practice making decisions about their contexts, thereby keeping their deliberations real.

Practice can also be made a habit. Some of the most successful leaders I have seen practice all the time. Have you ever felt flattered because a successful CEO seemed to be very interested in your conclusions on some subject? Did you get the impression that she was probing your assumptions, trying to really understand how you came to your conclusions? Well, she was probably practicing how she would make the very decision that you had just made.

Try it yourself. Get into conversations with people you think know something about their subjects. Probe their beliefs. Understand how they draw conclusions and ask yourself whether you would make similar decisions.

2. Feedback

Leaders and managers I meet express frustration at the paucity of objective feedback on the judgment calls they make. Darius went ahead

and made the changes recommended by the consultants. The first year did not go well and many of Darius' detergent and soap brands lost market share. Where did it go wrong? This was unclear, as market feedback is often noisy, making it hard to pinpoint the error.

In the **Advanced Management Programme**, we sanctify feedback, making it a community responsibility that all members voluntarily take on. Such a culture could be cultivated in organisations.

3. Reflection

Much has been said about the fact that the leaders of today are incentivised to act and not reflect. Less is spoken about the fact that gaining expertise seems to be premised on reflection. However, how do you reflect? It's easy to mistake judgment for reflection. "You know, I thought about it and I concluded that I didn't like what you said." That's judgment and possibly carries information for the person upon whom the judgment has been delivered, but it has less value as reflection.

Reflection begins when you think about what the judgment you made, says about you. What is it about you that caused you to dislike what you heard? What does your dislike say about you as a person?

It is important to understand that reflection is not cognitive, but a reflex. Much as the tennis player does not think as she heads back to the middle of the baseline after being drawn to one corner, I encourage managers to strengthen the reflex of reflection.

4. Coaching

Many senior executives have considered getting an executive coach for themselves. Several websites list the advantages of getting a coach and many senior executive education programmes will include some form of coaching for their participants.

I frame coaching much the way Tim Gallwey did in *The Inner Game*. Gallwey suggests that the role of the coach is to ask – what is the goal you have set for yourself; how do you see your reality; what options are you considering for reaching your goals, and do you have the will to see them through?

As the frantic hustle and bustle of work can very often leave executives little time to recall the original reasons for embarking on a course of action, I invite my participants to practice the skills of coaching with other participants, virtually all the time. A conversation at the bar about a difficult professional relationship becomes an opportunity for coaching. The recipient can then engage in the reflex of reflection and examine their reactions to the coaching questions they are asked.

In my **programme**, we have created a way for managers to at least talk about the emperor's clothes. For executives to learn how to make judgment calls, learning new models is unlikely to be helpful. It is better to focus on learning how expertise is gained. This involves practice, feedback, reflection and coaching.

Find article at

<https://knowledge.insead.edu/leadership-organisations/leadership-moment-decision>

About the author(s)

Narayan Pant is a Professor of Management Practice and the Raoul de Vitry d'Avaucourt Chaired Professor of Leadership Development at INSEAD.